

Poverty, 1999

The bad news is that 32 million people in the United States were poor in 1999. The good news is that the percentage of people in poverty (11.8 percent) is the lowest since 1979.

The poverty estimate — with all its implications for health care, housing, and education — may be this country's most important measure of well-being. About 12 percent of people in the United States were classified as poor in 1999, according to the March 2000 Current Population Survey (CPS).¹ The average poverty threshold for a family of four was \$17,029. And the average income deficit for poor families — the amount needed to raise a family out of poverty — was \$6,687. However, averages cannot adequately describe this phenomenon that visits all communities, but burdens some more greatly than others.

Words That Count

- **Poverty** is defined according to the Office of Management and Budget's (OMB's) Statistical Policy Directive No. 14. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor. If a family's total income is less than the threshold, the family and every individual in it is considered poor. The poverty thresholds do not vary geographically, but they are updated annually for inflation using the official consumer price index. The official poverty definition counts money income before taxes and excludes capital gains and the value of noncash benefits (such as public housing, Medicaid, and food stamps). Information on poverty in 1999 was collected in the March 2000 Current Population Survey.

¹ The poverty rate and the number of poor are estimates for the 1999 calendar year, based on data collected in the March 2000 Current Population Survey, conducted by the Census Bureau.

The poverty experience varies by family type, age group, and employment status.

Married-couple families had the lowest poverty rate (5 percent) of all family types in 1999. But because this family type is the most common, they still made up a large share of all poor families (40 percent). Female-householder families with no husband present had the highest poverty rate (28 percent). Although they made up only 18 percent of all families, they accounted for 53 percent of poor families.

In 1999, the child poverty rate dropped to 17 percent — the lowest rate in 20 years. However, the poverty rate for children under age 18 remained significantly higher than that for adults. Although children were only 26 percent of the total population, they represented 38 percent of the poor. Even though 1 in 6 children was poor, the ratio was 1 in 10 for both people aged 18 to 64 and those aged 65 and older.

People aged 16 and older who worked at any time during the year had a lower poverty rate than nonworkers, 6 percent compared with 20 percent. Among poor people aged 16 and older, 43 percent worked. However, the share who worked full-time, year-round was 12 percent. In the general population aged 16 and older, 71 percent worked and 47 percent were employed full-time, year-round.

Between 1998 and 1999, every racial and ethnic group had declines in both the number of poor and the percentage of people in poverty.

Among Blacks, the number who were poor dropped to 8 million in 1999 from 9 million in 1998. And the share of Blacks in poverty fell two percentage points, dropping to the lowest point since 1959, the first year these statistics were available. Despite this decrease, the poverty rate for Blacks (24 percent) remained about

three times higher than the rate for White non-Hispanics (8 percent). About 15 million White non-Hispanics lived in poverty in 1999, down from 16 million in 1998.

Between 1998 and 1999, the number of poor Hispanics fell from 8 million to 7 million. Twenty-three percent of the Hispanic population² was poor in 1999 — statistically equivalent to the lowest rates recorded for this group during the 1970s. The earliest poverty rates for this group were available in 1972.

In 1999, about 1.2 million Asians and Pacific Islanders lived in poverty, compared with 1.4 million in 1998. The 11 percent poverty rate for this population was statistically equivalent to its record low. Poverty statistics on Asian and Pacific Islanders were first available in 1987.

In 1999, native-born people had a lower poverty rate (11 percent) than foreign-born individuals (17 percent). Among the foreign born, the poverty rate for noncitizens (21 percent) was more than double the rate for naturalized citizens (9 percent).

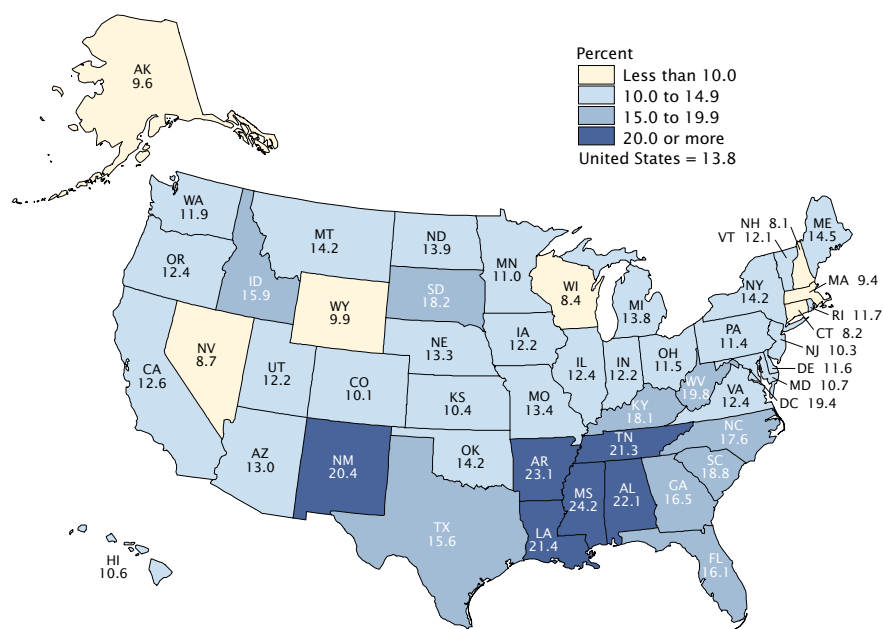
Between 1998 and 1999, both the number of poor and poverty rates declined in the Northeast and the West, while those in the Midwest and South remained unchanged. Before 1994, the South had the highest poverty rate. Since then the West and the South

have shared similar rates. The 1999 poverty rate was about 13 percent in both the West and the South (statistically equivalent to the South's lowest rate ever). The rate in the Northeast was 11 percent, while the rate in the Midwest was 10 percent.

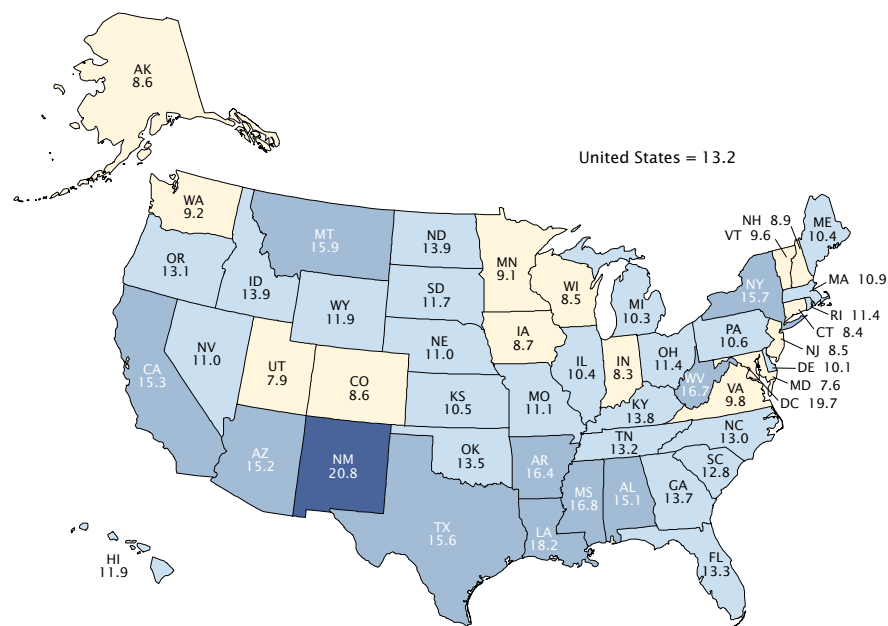
Figure 13-1.

Poverty Rate for Individuals by State: Annual Average 1980-82 and 1997-99

1980-82



1997-99



² Hispanics may be of any race.

Note: Numbers are 3-year averages.
Source: U.S. Census Bureau, Current Population Surveys, March 1998 through March 2000.

SPOTLIGHT ON WELFARE

About 15 percent of civilians in the United States participated in assistance programs during a typical month in 1993 and 1994.

Changes in the welfare system as a result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, also known as the welfare reform bill, have intensified the public's interest in information on the characteristics of people who participate in welfare programs. Because the Survey of Income and Program Participation (SIPP) follows individuals over time, it can track the movement of people in and out of the welfare programs.

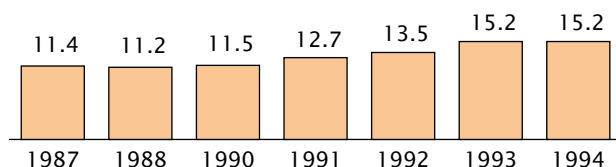
In an average month during both 1993 and 1994, about 40 million people participated in means-tested assistance programs,³ such as Aid to Families with Dependent Children (AFDC), General Assistance (GA), Food stamps, Supplemental Security Income (SSI),

³ Means-tested programs are those that require the income and/or assets of individuals to be below a specified threshold in order to apply for cash or noncash benefits.

Figure 13-2.

Average Monthly Participation in Means-Tested Programs: Selected Years 1987-94

(Percent of total population)



Source: U.S. Census Bureau, 1987, 1990, 1991, and 1993 Longitudinal Files of the Survey of Income and Program Participation.

Medicaid, and Housing assistance. With an individual participation rate of 11 percent, Medicaid was the most frequently identified program of the major programs examined in the SIPP. In fact, people covered by Medicaid were more likely than people covered by other programs to participate for the entire 24-month period covered by this study.

The poor were much more likely than others to receive at least one type of benefit in 1994. Three out of every four people living in poverty were program participants during at least 1 month in 1994, compared with one in ten whose incomes were above the poverty threshold.

Participation rates vary dramatically among various demographic groups.

Since poverty and participation in the major programs are closely related, differences among racial and ethnic groups can, in part, be explained by differences in poverty rates. In 1994, the average monthly poverty rate was about 13 percent for Whites and 31 percent for Blacks, while their average monthly participation rates were 12 percent and 36 percent, respectively. The average monthly poverty rate was 14 percent for non-Hispanics and 31 percent for those of Hispanic origin, while their average monthly participation rates were 13 percent and 32 percent, respectively.

Children under 18 years old were more than twice as likely as adults to receive some type of assistance. During an average month in 1994, about 27 percent of children received some type of benefit, compared with 11 percent of people aged 18 to 64 and 12 percent of people aged 65 and older.⁶ Children also tended to be long-term participants. About 17 percent participated in all 24 months of the study, compared with 7 percent of people aged 18 to 64 and 10 percent of people aged 65 and older.

Individuals in households maintained by women were five times as likely to participate in means-tested programs than individuals in married-couple families — 45 percent versus 9 percent. And adults without a high school diploma were more than twice as likely as high school graduates and five times more likely than people with some college to be participants. Their

⁶ There is no statistical difference between the percentage of people aged 18 to 64 and the percentage of people aged 65 and older who receive means-tested benefits.

rates were 26 percent, 11 percent, and 5 percent, respectively.

Among people aged 18 and older, unemployed people and people who did not participate in the labor force were more likely to receive benefits than employed people. In an average month during 1994, 27 percent of the unemployed received benefits and 21 percent of people that same age who were not in the labor force were program participants. Only 4 percent of full-time workers and 9 percent of those with part-time jobs received some type of benefit. The unemployed may receive unemployment benefits in addition to major means-tested benefits. In 1994, 19 percent of the unemployed received unemployment compensation, while 11 percent received AFDC or GA, 17 percent were covered by Medicaid, and 20 percent received food stamps.

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The Census Bureau Can Tell You More

- For more detailed information, consult the following U.S. Census Bureau Current Population Report: *Poverty in the United States: 1999* by Joseph Dalaker.
- Look for complete reports and detailed tables on the Census Bureau's World Wide Web site (www.census.gov). Click on "P" and select "Poverty" or "W" and select "Well-Being."
- Contact the Housing and Household Economic Statistics' Statistical Information Staff at 301-457-3242 or e-mail hhes-info@census.gov.
- For information on publications and other resources, see Appendix A.